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MESSAGE

OF

GOVERNOR S. V. STEWART

TO THE FIFTEENTH
LEGISLATIVE ASSEMBLY
OF THE
STATE OF MONTANA

1917

STATE PUBLISHING CO., HELENA, MONT.

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GOVERNOR'S MESSAGE

Ladies and Gentlemen of the Fifteenth Legislative Assembly:

"The Governor shall at the beginning of each session, and from time to time, by message, give the Legislative Assembly information of the condition of the State, and shall recommend such measures as he shall deem expedient."

These are the words of the Constitution of Montana. They are plain and explicit and I cheerfully obey their mandate. The disposition to be made of the recommendations is wholly within your discretion. The Governor has imposed upon him the duty of suggesting and is given the power of final consideration within certain limits. The task of formulating the needed measures and of weighing the different constituent elements of each is wholly yours. You are the builders and the makers of legislation. The Governor suggests what to him seems a fit subject of legislation and you return to him a completed law which he must approve or reject in its entirety. While the Constitution arbitrarily separate the field of our respective endeavors, permit me to suggest to you that there is still much opportunity for co-operation, and that I stand ready to join with you in everything contemplated for the betterment of Montana and her citizens.

In this regular session there will be much of routine and a very considerable amount of uninteresting matter for your ultimate action. Nevertheless there will be full opportunity for the consideration of many matters of absorbing interest and prime importance to the State and to the people. Within the period that has elapsed since the Fourteenth Assembly convened our State has made remarkable strides in the process of her development. Today Montana is bigger and better in her every element than ever before. Her resources have developed and increased in value; her institutions have grown in importance and effectiveness; her citizens have multiplied and the standard of citizenship has attained such a degree of excellence as to find favor in the esteem of all those who respect civic virtue and cherish high ideals of morality.

The recent years have brought many people to our State, and good crops, high prices and general business conditions have contributed to the individual prosperity of our populace. New burdens

have come with increased population, burdens that more than outweigh the consequent increase in the income of the State. We should not forget that the taxable value of our property is greatly restricted when compared with the vast area over which we are compelled to administer government. Therefore our first and greatest care should be to provide adequately for the needs of the State government without imposing an undue burden upon the people in this time when the needs and necessities of the citizen are most acute.

It is not my purpose to burden you with a long message or to make many recommendations for your consideration. While I shall touch upon some matters that are in my opinion fit subjects of legislation, I want to impress upon you at the very outset of this session that the prime and paramount duty now before you has to do with matters of State finance.

The present activities of the State are numerous and they are today absorbing more money than the ordinary revenues are providing. Since the formation of State government in Montana the State has been practically run on credit from year to year. This has been accomplished through the payment of the current expenses for a given year from the amount collected in taxes for that year. State warrants have not gone unpaid, by reason of the use of the permanent school and institutional funds in the purchase of these warrants. The warrants have been carried in the school funds until taxpaying time in the fall and then the tax money, augmented by the other income of the State, has generally been sufficient to take up the warrants and start the State off even for another year. This custom has been pursued for many years. It has always been more or less disturbed by the constantly increasing demand for appropriations and the corresponding disposition on the part of the Legislative Assembly to make appropriations regardless of the estimated income for the forthcoming appropriation period.

Over-Appropriations.

Four years ago when this administration took over the affairs of government and the Thirteenth Session began its work, there was in the State treasury the sum of $243,100.39. Warrants had to be taken over by the school fund soon after the adjournment of the session. That Assembly made appropriations that were at least $300,000.00 in excess of the estimated income of the State for that period. By strict economy and care on the part of the State Board of Examiners, even in the face of unusual expenditures in the Butte trouble, the State treasury showed a balance of $56,645.18 on January 1, 1915.

Then came the Legislative session of that year, and all estimates are shattered. At the beginning of the session the State Auditor

estimated that the probable necessary expenditures for the forthcoming two years would outrun the income by about $66,000.00.

In his estimate the Auditor approximated the expenses of the Fourteenth Legislative Assembly at $140,000.00, whereas such expenses actually aggregated $155,423.30. It is interesting to note in this connection the steady increase in the cost of the Legislative sessions. The session of 1909 cost $73,729.22; that of 1911 cost $105,224.90; that of 1913 $130,972.40; and the 1915 session the above mentioned sum of $155,423.30. A part of this increase is undoubtedly necessary and proper, but some of it must seem to be unnecessary and should be obviated. Your attention is respectfully directed to this matter.

The State Auditor did not include in his pre-session estimate the very considerable appropriations made for the Panama-Pacific Exposition exhibits, the maintenance of the Compensation department, the new Farm Loan department, or the money paid for stock slaughtered by reason of foot-and-mouth disease. Neither did he take into consideration the fact that the Legislative Assembly provided larger sums for certain specified purposes than he had deemed necessary.

It is sufficient for me to advise you here that in my opinion the Legislative appropriations aggregated at the very least a half million dollars more than the estimated income. My estimate given in a statement conveyed to the Secretary of State with the general appropriation bills placed the possible deficit at $569,238.96, while a subsequent estimate by the State Auditor placed the amount at about $700,000. With that burden of excess appropriations the State Board of Examiners began to work along the line of retrenchment. Many savings have been made and as a result some of the departments and all of the State institutions have been deprived of much needed financial support. Today the deficit is only $184,595.12. This is the amount of warrants in the school fund that could not be taken up with the tax and other money available.

Liquor License Revenues.

A consideration of this matter brings us face to face with another financial problem. The State's revenue from liquor licenses has fallen off very considerably in the last two years. The income from this source was about $40,000.00 less for 1916 than for 1914. This was no doubt due to the prohibition legislation. It is fair to assume that the loss will be greater in 1917 and 1918, and we know that the income from that source will entirely cease at the end of 1918. It is a very considerable sum, being $346,784.91 in 1916, and some provision should be made to compensate the general fund on account of the loss.

In this connection I do not want to be understood as deploring the situation; rather would I commend the people for the advanced step along the lines of civic betterment and moral refinement, even though it has affected the revenues of the State.

Taxes have not increased in volume as rapidly as could be expected. Most of our new settlers are homesteaders and people of limited means. They will be taxpayers in time, but today we are confronted by the fact that but thirty-five per cent of our lands are actually vested in private or corporate ownership and consequently taxable. Large areas will remain permanently in government ownership, but very considerable quantities will pass to private ownership and become taxable in the near future.

Complaint has been made of our tax system. It is not perfect and it is unlikely that any perfect system could be devised. Our interests are as conflicting as our industries are varied. In this situation we are fortunate and nevertheless perplexed. The subject of taxation is a large and a difficult one. I respectfully suggest that the subject will consume more time than is at your disposal and that it should have expert investigation. To that end I recommend that you create a non-partisan commission to be charged with the duty of fully investigating the whole subject of taxation in Montana, and fully authorized to draft a suitable constitutional amendment and statutory laws for the adequate and fair distribution of the burdens of taxation, for submission to the next session of the Assembly. It should not be forgotten, however, that there must be some provision for immediate revenue and that the realization of the plan just suggested will not meet the exigencies of the present occasion.

The adoption by the people at the last general election of a Constitutional amendment enlarging the powers and authority of the State and County Boards of Equalization will no doubt contribute in some degree to the relief of the present situation.

Consolidation of Offices.

In view of the general financial condition of the State it would seem unwise to create many new departments or offices. The people are not demanding more public officials, but rather they are insisting upon a higher degree of efficiency on the part of those already existing in the performance of their duties. I am convinced that a saving may be made in the transaction of the State's business by an adjustment and consolidation of some of the existing departments.

The Compensation or Industrial Accident department has fully justified its creation. It has performed a most important service for the people of Montana in an efficient and economical manner. The first aim of this department embodies the idea of safety. That being the case, I respectfully suggest that all departments having to do with

safety inspection should be merged into the Compensation department. This should include the Boiler Inspector's department, the Quartz Mine Inspector's department, and the Coal Mine Inspector's department. Your attention is respectfully directed to this matter.

The experience of the past two years has demonstrated the necessity for certain amendments to the existing Compensation law. I think that some of these amendments are essential and should be adopted. They are plainly set forth in the reports of the Board, which reports will be submitted to you for your careful consideration.

Another economy may be effected by merging the State Board of Stock Commissioners, the State Board of Sheep Commissioners and the State Livestock Sanitary Board into one body. The new board should be of limited membership in order to make it both economical and effective.

It is also possible to effect another saving in the consolidation of the Weights and Measures department and the State Board of Health.

Experience has taught that no good purpose can be served by too many boards or departments. Investigation will no doubt result in the formation of a comprehensive plan for the administration of the different matters now handled by these various boards.

State Purchasing Agent.

Many of the States have provided a Purchasing Agent or a Purchasing department, with full power and authority to make purchases of all supplies required by the State. Experience in those States has developed the fact that great economies may be accomplished by buying all State supplies in quantities and by the employment of men expert in the purchasing of the required commodities. The subject is well worthy of your attention.

Printing.

Two years ago it was my pleasure to direct the attention of the Legislative Assembly to matters of printing. I take this occasion to again remark that much unnecessary printing is required under the terms of the primary and election statutes now in force in the State of Montana. Other and further economies may also be effected by the amendment of the statutes having to do with public printing.

Primary Law.

The Primary law should be simplified and the matter of alphabetical arrangement of names on ballots abolished. I do not believe that the people would approve any measure attempting to abolish the principle of the Primary law, but they will certainly welcome any amendment that will make it less expensive and less cumbersome.

Good Roads.

Suitable legal provision should be made to enable the State to enjoy the benefits of the new national good roads law. The law governing our own State department should be shaped to meet the exigencies of the occasion. In this I would respectfully urge that the provisions of our State law having to do with the licensing of motor vehicles be so amended as to impose the burden of furnishing number plates upon the State and compel the payment of all moneys and fees collected in that behalf into the State treasury.

The law should further fix the responsibility of the enforcement of the provisions having to do with registration upon the Highway Commission. Many vehicles have been escaping registration and consequent payment of the fee by reason of the fact that it is apparently the particular business of no one to compel strict compliance.

State Institutions.

The reports of those in charge of the different State institutions will be before you for your careful consideration. These reports give the details of the institutional growth, progress and condition at considerable length. It is sufficient for me to say to you at this time that all of the institutions of the State are in a thriving condition and are growing beyond expectation. The great difficulty in all instances is lack of financial support to justify adequate development. Some new buildings have been erected at the penal, charitable and such kindred institutions, whereas the educational institutions have been denied the opportunity to enjoy the same expansion.

In the view of the State officers and board members the first obligation was toward the poor unfortunates, the dependents of the State, those for whose comfort and welfare we must provide within the State. Invidious comparisons have been made between the amount of money spent by the State for the care of the insane, the criminals, the orphans, the wayward and the deficient on the one hand and the amount spent in the cause of higher education on the other hand. Our answer is that while both causes are twentieth-century necessities the former is the more pressing and must have first consideration. It is to be regretted that there are not sufficient funds available to satisfy the needs of all.

Chancellorship System.

Under the Chancellorship system now in effect we have systematized the work of the educational institutions and have adopted a budget system. You will have the benefit of this system in the matter of considering appropriations for the greater University and its constituent parts. The experience of a little less than a year has proven that we are attaining a higher degree of efficiency and getting better results for the money expended than was possible under

the old system. In the selection of a Chancellor we secured a man of eminent standing in the educational world, and our system is attracting the attention of educators everywhere. I am sure that your best efforts will be given to the matter of financing this system and developing it in its various features.

This budget system should be utilized in the handling of the financial affairs of the other State institutions and should ultimately come into general use in all of the State departments.

At the State University of Missoula the attendance has almost doubled in the last four years. No new buildings have been erected, although the capacity of the plant was overtaxed without the increased attendance.

Within the past few weeks a very disastrous fire occurred at the College of Agriculture and Mechanic Arts. The chemical laboratory was destroyed, together with much of the contents thereof. There was some insurance, but not nearly enough to make the State whole. With the loss of this building the conditions at Bozeman are likewise crowded.

The fact is that all of the educational plants have been more than taxed to there capacity, and some relief must come or the cause of higher education in Montana will suffer a considerable injury.

Industrial School.

The State Industrial School at Miles City is in first-class shape. The last Assembly provided for the purchase of more land. One hundred and sixty acres were bought and added to the tract. It has given the management an opportunity to employ the boys, and splendid results have been obtained. The institution is sadly overcrowded. Recently there were 106 boys and 37 girls therein. Boys and girls should not be kept together under such circumstances. This institution would accommodate the wayward boys of the State without difficulty, but it is not possible to handle the boys and girls together and get even moderate results. The Superintendent and local board advise me that land may be obtained near the present institution and buildings erected for the accommodation of the girls, and the same handled under the present management at a minimum cost. It seems absolutely necessary that there be an institution for girls. The suggestion of the local management seems to me reasonable and if adopted will no doubt make for economy and efficiency.

Hospital for the Insane.

The number of insane has increased in proportion to our population. Four years ago there were 851 inmates at the State Hospital. At the close of the fiscal year, November 30 last, there were 1067 inmates. The capacity of this institution is also sadly overtaxed. It is only a question of time when we must have another institution.

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Just what can be done at this time I cannot advise you, but I do respectfully call your attention to the existing conditions, that you may give to the question such thought and attention as may be possible.

State Prison.

The number of inmates of the State Prison also has been very largely increased. However, the fact that we are able to work a good many of the prisoners on the outside has relieved the situation very appreciably. The Warden advises me that the indeterminate sentence law enacted by the last Legislative Assembly has resulted in increasing the number of prisoners. This is due to the fact that a great many of the District Judges of the State have failed to properly interpret the spirit of the law, in that they have fixed the maximum and minimum sentences so nearly together that it results in the defeat of the object sought to be attained.

Under the old system of inflicting a flat sentence a prisoner could ordinarily be paroled after having served half of the sentence. The new law provides that the prisoner shall not be paroled until he has served the minimum of his sentence. In the case of a sentence of not less than four years and eleven months nor more than five years it is readily discerned that no parole is possible, because the good time that the statute contemplates for exemplary conduct will terminate the sentence before a parole may intervene. Many such sentences as the one indicated have been imposed. I would suggest that there should be an amendment to the indeterminate sentence act in order to hold the maximum and minimum penalties farther apart.

The last session of the Assembly provided for a bond issue of $100,000.00 for buildings at the Hospital for the Insane and the Tuberculosis Sanitarium. The money has been expended and very substantial and modern buildings have been erected at both institutions.

Other State Institutions.

It is my very great pleasure to report that all of the State institutions—the ones already mentioned, the Orphans' Home at Twin Bridges, the School for Deaf and Blind at Boulder, and the Soldiers' Home at Columbia Falls—are fortunate in that the management in each instance is capable and efficient.

State Fair.

The State Fair has prospered during the past two years, although there has been a slight falling away of revenue by reason of the abolition of racetrack gambling. However, I am prepared to say to you at this time that no more beneficial or acceptable reform has been accomplished in the State of Montana than that which forever abolished racetrack gambling in the State.

National Guard.

In the Executive Message of two years ago mention was made of the service rendered the State of Montana by the National Guard in the matter of the Butte disturbances. Since that time the Guard has again distinguished itself, but in a different field of service. The regiment has been developed, augmented in numbers and drilled to such an extent that in the service it was called upon to perform on the border the officers and men were the subject of much commendatory mention and notice. You should not forget to give to the National Guard of Montana a full measure of credit and such substantial support as may be found necessary and possible.

Expositions.

Mention has already been made herein of the fact that the Fourteenth Assembly made appropriations for exhibits at the Expositions at San Francisco and San Diego. This money was well expended. It gave to Montana much favorable advertising and resulted in the capture by the State of the grand prizes for cereals and apples, as well as the award of many medals to our citizens. This expenditure and consequent advertisement of our resources and products has contributed very materially to the splendid growth of the State.

Farm Loans.

Montana is rapidly becoming an agricultural State. Our farming population will become more and more important as time goes on. In order that the farming industry and those engaged in agricultural pursuits may prosper they must have cheap money and low interest rates. This has been a subject of legislative consideration in both Nation and State. Two years ago in my regular message I called attention to the fact that suitable legislation should be enacted to admit of loaning the State school funds. Since that time the Supreme Court of the State has held that these funds may be legally loaned under the existing law. However, that law as construed by the Supreme Court does not go further than to vest in the State Board of Land Commissioners that right to make loans from the funds, taking real estate mortgages as security.

It seems to me that this Assembly should define the terms and conditions under which these loans may be made. The State school fund is a sacred trust. Losses occurring must be made good from the general fund. Too much care cannot be exercised in the investment of this trust fund of the children of the State of Montana. We are all anxious to bring the cheaper money and the low interest rates to the farmers. In my message of two years ago I made this statement:

"I as satisfied that a certain amount of this money can be utilized to advantage in making farm loans. With our growing population the amount of money available will not perhaps satisfy the needs or the demands of the borrowers, but it may tend to regulate interest rates and promote better conditions with regard to farm credits."

I am still firmly of that opinion. The new National Rural Credits Act will bring a considerable degree of relief along the lines just mentioned. The benefits of that act, taken in connection with a proper handling of the State funds ought to bring much prosperity to the agricultural interests of the State.

In view of the growing importance along agricultural lines your attention is respectfully called to the necessity for co-operation by the farmers of Montana. Suitable laws should be enacted to promote successful business co-operation in the conduct of elevators, creameries and similar enterprises, and for the formation of marketing associations. There should be a course established in the Agricultural College for the training of the youth along the line of farm and co-operative management.

Grain Inspection Law.

The grain inspection law should be so amended as to define the term "unfair practices" and provide adequate punishment therefor. Our State law should be made to co-ordinate with the new Federal grain-grading law.

State Hail Insurance.

Suitable provision should be made for State hail insurance at actual cost, the money to be raised upon the same principle as is employed in raising money for livestock indemnity and bounty purposes, the administration of the law to be carried out by the present officers of the State and counties. This may require a constitutional amendment, but if so it should nevertheless be accomplished.

Compensation for Slaughtered Stock.

Much time, money and effort have been devoted to the upbuilding of the dairy industry in Montana. Our Dairy department has done much toward raising the standard of the dairies and their products. The importation of thoroughbred dairy stock has played an important part in this matter also. Although considerable tuberculosis has developed in the imported herds it would seem that our present statute providing for the compensation of owners of destroyed tubercular stock is not broad enough or liberal enough to adequately compensate the owners of high-priced and blooded dairy stock. Your attention is respectfully called to this condition, in order that the dairy industry in the State may be encouraged and developed.

State Owned Terminal Elevator.

Farmers in the grain-raising sections of the country are all interested in State-owned terminal elevators. Montana is now a great grain-growing State, but we are only in the infancy of production. We should not delay making provision for the handling of the crops of the future. I would suggest the importance of legal provisions to admit of the State building terminal elevators when the necessity arises.

State Fire Insurance.

The matter of State fire insurance for the buildings and improvements now owned by the State is respectfully called to your attention.

Bounties.

The experience of the last few years indicates that bounty reforms are necessary. This State is paying a great deal of money for bounties that might possibly be saved if it were not for the fact that our bounty allowances are in excess of those of our neighboring States.

Congressional Districts.

Your attention is respectfully directed to the necessity for dividing the State of Montana into Congressional districts.

Election Laws.

Much benefit has been derived from the Absent Voter law enacted by the last Assembly. It has been suggested that the law could be made broader in its terms in order to admit of the voting of those physically unable to reach the polls.

Enrolled Militia.

Complying with the provisions of the Statutes, I have the honor to advise you that, according to the returns of the County Assessors of the several counties of the State, the number of able-bodied male citizens qualified for the performance of military duty is 71,179.

Disbursements by the Governor.

In accordance with the provisions of the Constitution, I submit the following statement of moneys belonging to the State and received by the Governor and by him paid to the State Treasurer, for the biennial period ended November 30, 1916.

Five per cent Government land sales	$ 48,903,36
25 per cent Government forest reserve receipts	169,441.50
U. S. aid to State Soldiers' Home	17,700.00
Total	$236,044.86

Conclusion.

In closing permit me to suggest to you that partisanship should have little part in our deliberations. While we were all elected on tickets having political party designations, I am sure that we all realize that party solidarity was rudely shattered in Montana, as elsewhere in the United States on November seventh last. The ultimate object of all government is efficiency. The people exercised a degree of discrimination in the selection of this legislative body. It cannot be said to have been a political discrimination, but rather a personal one.

It is very evident that a record of party loyalty will not serve as a substitute for personal and official efficiency. The people of the various counties will not sit around their firesides this winter and gloat over the fact that you are following the party leader and voting consistently for party measures only. There are no party measures, and the people know it. The people want results—some non-partisan, ordinary workaday results without any party label, but sufficiently plain and homely to be of service to them as individuals rather than to the politicians. If you are to give forth such results you must for the time forget all other considerations save the State and her citizens.

With this central thought in mind I extend to you a most cordial invitation to join hands and unite our efforts in the splendid cause of legislating for the whole people. If our efforts are to succeed we shall need to be diligent, studious, conservative and constructive. May we with confident assurance indulge the hope that the results may justify our fondest expectations.

S. V. STEWART,
Governor.